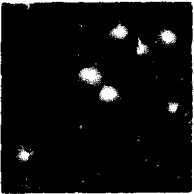




CITY  
OF  
LEESBURG

The Complete City



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JAN 27 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

January 25, 1993

Ms. Donna Searcy, Secretary  
Federal Communications Commission  
Docket Division  
1919 M Street, N.W.  
Washington, D.C. 20554

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JAN 27 1993

FCC MAIL ROOM

RE: Cable Television Rate Regulation  
(MM Docket No. 92-266)

Dear Ms. Searcy:

As the cable television franchising authority for Leesburg, Florida, I would like to file comments on the proposed rate regulation rules.

#### Introduction

The City of Leesburg has a population of about 15,000 with nearly 50,000 people residing in the Greater Leesburg area, approximately eight square miles.

The City of Leesburg granted its first cable television franchise in 1968. Leesburg is primarily serviced by one cable television company, Scripps-Howard. This company has held the franchise since 1981 when it purchased the assets of the original cable television provider. Scripps-Howard currently maintains a penetration rate of approximately 70% in Leesburg. An extremely small portion of Leesburg receives cable television service from a competing company.

There are two primary issues addressed in our filing. Our comments concern the rulemaking proceeding currently underway on the proposed rate regulation rules and also the possibility of having State Public Service Commissions act as the regulatory body over the cable television industry.

#### Rate Regulation

The City of Leesburg believes that a "benchmarking approach" to rate regulation would be in the best interest of our local cable subscribers.

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The "benchmark rate" should be the average rate that CATV operators charge for basic service in each state or region of the country where cable competition is present. All cable systems with rates above the benchmark should be required to reduce their rates to the benchmark level.

The following table displays the various rates charged for basic cable television service in Leesburg over the past several years.

January 1987	from \$13.50 to \$14.95	+	10.7%
January 1989	from \$14.95 to \$16.95	+	13.4%
January 1990	from \$16.95 to \$18.95	+	11.8%
January 1991	from \$18.95 to \$19.95	+	5.3%
January 1992	from \$19.95 to \$20.95	+	5.0%
January 1993	from \$20.95 to \$21.95	+	4.8%

These increases have occurred with no substantial increase in services, without explanation, and without any correlation to the consumer pricing index.

It is clear that sufficient competition does not exist in cable television and that a monopoly status has been obtained by this industry. In areas where competition exists between cable television companies, rates are much lower than those displayed above and are not increased at will and without justification. The benchmarking approach is necessary to provide fair cable television rates in areas where competition does not exist.

#### Public Service Commission Regulatory Responsibility

I understand that the Federal Communications Commission must proceed with establishing standards, rates and regulations under the Cable Television Consumer Protection and Competition Act of 1992. However, I still believe there is merit to the idea of granting individual state governments the authority to regulate cable television companies. Regulation would apply to basic services only, and not premium channels. Ideally, the responsibility for regulation and rate control would rest with the State Public Service Commission. This agency has the required experience and expertise to oversee the cable television industry. This approach would also provide uniform and consistent regulation throughout each state.

I believe that it is time to recognize the fact cable television companies are monopolistic in nature, that they do not have adequate competition, and should be viewed and regulated as a public utility. Although there would undoubtedly be problems with any proposal which must be resolved, I believe this would be the most efficient way to address consumer concerns and complaints regarding the cable television industry.

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Conclusion

The City of Leesburg has seen cable television rates increase by more than 62% in the last six years. Competition to cable television does not exist. If adequate competition was present, rates would be substantially lower. The "benchmark approach" to rate regulation would provide prices in line with markets where competition exists.

I also feel that consideration should be given to allowing State Public Service Commissions the authority to regulate the cable television industry, within their respective states.

I hope you will find these comments useful during your rulemaking proceedings. Your consideration of our opinions is greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Robert Lovell".

C. Robert Lovell  
Mayor-Commissioner

cc: City Commission